


2012 REGULAR SESSION
ACTUARIAL NOTE SB 48

Senate Bill 48 SLS 12RS-128 Engrossed Author: Senator Elbert L. Guillory Date: March 28, 2012 LLA Note SB 48.02 Organizations Affected: Louisiana State Employees’ Retirement System (LASERS) Teachers’ Retirement System of Louisiana (TRSL) Louisiana School Employees’ Retirement System (LSERS) EG NO IMPACT APV	The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor.  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services
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Bill Header: RETIREMENT SYSTEMS. Provides relative to membership on the boards of state retirement systems. (6/30/12)

Cost Summary:

Actuarial Cost/(Savings) to Retirement Systems and OGB	\$0
Total Five Year Fiscal Cost	
Expenditures	\$0
Revenues	\$0

Estimated Actuarial Impact:

The chart below shows the estimated increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with administrative or other fiscal concerns.

	<u>Increase (Decrease) in</u> <u>The Actuarial Present Value</u>
Actuarial Cost (Savings) to:	
All Louisiana Public Retirement Systems	\$0
Other Post Retirement Benefits	\$0
Total	\$0

Estimated Fiscal Impact:

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-2017	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-2017	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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Bill Information:

Current Law

Under current law, the boards of trustees consist of twelve members for the Louisiana State Employees’ Retirement System (LASERS), sixteen members for the Teachers’ Retirement System of Louisiana (TRSL), and eleven members for the Louisiana School Employees’ Retirement System (LSERS).

Proposed Law

Under the proposed law, the number of members of the boards of trustees for LASERS, TRSL, and LSERS will be increased by one. The Commissioner of Administration or his designee will be added as a member of each of these boards.

Additional changes to the boards of LASERS, TRSL and LSERS are summarized below.

LASERS

- An ex officio member is permitted to designate someone to serve as a board member in his place.

TRSL

1. An ex officio member is permitted to designate someone to serve as a board member in his place.
2. The state superintendent of education will be allowed to name a designee to serve in his stead. The requirement that the designee be his first assistant is removed.

LSERS

1. An ex officio member, except for the president of the Louisiana School Bus Operators’ Association, is permitted to designate someone to serve as a board member in his place.
2. The chairman of the House Appropriations committee will be replace by the chairman of the House Retirement committee or his designee.

Implications of the Proposed Changes

SB 48 adds the Commissioner of Administration or his designee to the boards of trustees for LASERS, TRSL and LSERS. It also makes other changes to the boards of these retirement systems.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

There is no actuarial cost associated with SB 48 for the retirement systems.

Other Post Retirement Benefits

There is no actuarial cost associated with SB 48 for post-retirement benefits other than pensions.

Analysis of Fiscal Costs

LASERS reports a per diem cost of up to \$1800 per year, plus travel expenses, for the additional board member. It is likely that the TRSL and LSERS will incur similar per diem costs if ex-officio members designate individuals to serve in their stead who are not state employees.

Actuarial Credentials:

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

Dual Referral:

Senate

- ☐ 13.5.1 ≥ \$100,000 Annual Fiscal Cost
- ☐ 13.5.2 ≥ \$500,000 Annual Tax or Fee Change

House

- ☐ 6.8(F)(1) ≥ \$500,000 Annual Fiscal Cost
- ☐ 6.8(F)(2) ≥ \$100,000 Annual SGF Fiscal Cost
- ☐ 6.8(G) ≥ \$500,000 Annual Tax or Fee Change